

HOUSE BILL 998
By Sargent

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 14 and Title 67, Chapter 4, Part 5, relative to taxation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1425, is amended by deleting the section in its entirety and by substituting instead the following:

(a) After May 12, 1988, any private act which authorizes a city or county to levy a tax on the privilege of occupancy of a hotel shall limit the application of such tax as follows:

(1) A city shall only levy such tax on occupancy of hotels located within its municipal boundaries; and

(2) A county shall only levy such tax on occupancy of hotels located within its boundaries.

(b) After the effective date of this act, any private act which authorizes a city or county to levy a tax on the privilege of occupancy of a hotel shall limit the application of such tax as follows.

(1) A city shall only levy such tax on occupancy of hotels located within its municipal boundaries;

(2) A city shall be authorized to levy such tax on occupancy of hotels if the county in which such city is located has levied such tax prior to the adoption of the tax by the city, provided, that thirty-three percent (33%) of the net proceeds of such tax shall be remitted by the city within thirty (30) days of receipt to the commissioner of the department of revenue; and

(3) A county shall only levy such tax on occupancy of hotels located within its boundaries, provided, that thirty-three percent (33%) of the net proceeds of such tax imposed within the boundaries of any municipality that has levied a tax on such occupancy prior to the adoption of such tax by the county shall be remitted by the county within thirty (30) days of receipt to the commissioner of the department of revenue.

(c)

(1) For taxes first levied pursuant to this section after the effective date of this act, each local collector of each county and incorporated municipality shall maintain a complete record of collections made under this section and shall report such collections to the commissioner, upon forms prescribed by the commissioner, on each June 30, for the period from July 1 through June 30.

(2) The commissioner may examine the records of a local collector to ensure that the proper amount of tax is collected and that the proper amount of tax collected is paid to the department.

(3) All state moneys received by the commissioner shall be earmarked and allocated to the general fund.

(d) The provisions of this section shall be applied prospectively only and all private acts levying taxes on the privilege of occupancy of hotels which are enacted prior to May 12, 1988, shall remain in full force and effect. For the purposes of this section, "enacted" means passed by both houses of the general

assembly and signed by the governor and approved in accordance with the Constitution of Tennessee, Article XI, §9.

(e) The provisions of this section do not apply to any city which has constructed a qualifying project or projects under the Convention Center and Tourism Development Financing Act of 1998, compiled in Title 7, Chapter 88. Further, §67-4-503 shall not be applicable to such cities as it relates to the authority to levy an occupancy tax.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, then all provisions and applications of this act are declared to be invalid and void.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.